

1 Introduced by Committee on Health Care

2 Date:

3 Subject: Health; hospitals; health insurers; Green Mountain Care Board;
4 hospital observer

5 Statement of purpose of bill as introduced: This bill proposes to authorize the
6 Green Mountain Care Board to reduce a health insurer’s reimbursement rates
7 to one or more hospitals if the health insurer is at imminent risk of insolvency.
8 The bill would permit the Board to reduce a hospital’s budget for the
9 forthcoming fiscal year to account for the hospital’s budget overage in the
10 previous fiscal year. The bill would also allow the Board to appoint an
11 independent observer to oversee a hospital and its operations if the Board finds
12 the hospital has made a material misrepresentation and the Board believes that
13 appointing an independent observer is in the public interest.

14 An act relating to Green Mountain Care Board authority **to adjust a**
15 **hospital’s reimbursement rates and** to appoint a hospital observer

16 It is hereby enacted by the General Assembly of the State of Vermont:

17 Sec. 1. 18 V.S.A. § 9384 is added to read: **(NEW)**

18 § 9384. REDUCTION OR REALLOCATION OF REIMBURSEMENT
19 RATES; RISKS TO HEALTH INSURER SOLVENCY

20 (a) As used in this section:

1 (1) “Hospital” has the same meaning as in section 9451 of this title.

2 (2) “Hospital network” means a system comprising two or more
3 affiliated hospitals, and may include other health care professionals and
4 facilities, that derives 50 percent or more of its operating revenue, at the
5 consolidated network level, from Vermont hospitals and in which the affiliated
6 hospitals deliver health care services in a coordinated manner using an
7 integrated financial and governance structure.

8 (b) If the Green Mountain Care Board determines, after consultation with
9 the Commissioner of Financial Regulation, that a domestic health insurer faces
10 an acute and immediate threat to its solvency because its risk-based capital
11 level has triggered an authorized control level event pursuant to 8 V.S.A.
12 § 8305, the Board may order a reduction of the insurer’s reimbursement rates
13 to one or more Vermont hospitals as set forth in subsection (c) of this section
14 until such time as the amount of the insurer’s risk-based capital exceeds the
15 company action level risk-based capital threshold defined in 8 V.S.A. § 8301.

16 (c)(1) The Board shall only order a reduction in the reimbursement rates to
17 a hospital that meets one or more of the following criteria:

18 (A) the hospital has more than 125 days’ cash on hand;

19 (B) the hospital had a positive operating margin in the previous fiscal
20 year; or

1 circumstances in accordance with the criteria and processes established under
2 section 9405 of this title.

3 (2) The Board may, on its own initiative, adjust the commercial health
4 insurance reimbursement rates payable to a hospital at any time during the
5 hospital’s fiscal year in order to ensure that the hospital operates within the
6 budget established under this section.

7 (g)(1) The Board may request, and a hospital shall provide, information
8 determined by the Board to be necessary to determine whether the hospital is
9 operating within a budget established under this section. For purposes of this
10 subsection, subsection (h) of this section, and subdivision 9454(a)(7) of this
11 title, the Board’s authority shall extend to an affiliated corporation or other
12 person in the control of or controlled by the hospital to the extent that such
13 authority is necessary to carry out the purposes of this subsection, subsection
14 (h) of this section, or subdivision 9454(a)(7) of this title. As used in this
15 subsection, a rebuttable presumption of “control” is created if the entity,
16 hospital, or other person, directly or indirectly, owns, controls, holds with the
17 power to vote, or holds proxies representing 20 percent or more of the voting
18 securities or membership interest or other governing interest of the hospital or
19 other controlled entity.

20 (2)(A) The Board may, ~~at its discretion~~ upon finding that a hospital
21 has made a material misrepresentation in information or documents

1 provided to the Board, appoint an independent ~~monitor~~ **observer** with respect
2 to any matter related to the Board’s review or enforcement under this section if
3 the Board believes that doing so is in the public interest. At the direction of the
4 Board, the independent ~~monitor~~ **observer** may ~~oversee~~ **monitor** the hospital’s
5 operations, obtain information from the hospital, and report findings and
6 recommendations to the Board.

7 (B) An independent ~~monitor~~ **observer** appointed pursuant to this
8 subdivision (2) shall have the right to receive copies of all materials related to
9 the Board’s review under this section and the hospital shall provide any
10 information requested by the independent ~~monitor~~ **observer**, including any
11 information regarding the hospital’s participation in a hospital network. The
12 independent ~~monitor~~ **observer** shall share information provided by the
13 hospital with the Board and with the Office of the Health Care Advocate in
14 accordance with subdivision (d)(3) of this section but shall not otherwise
15 disclose any confidential or proprietary information that the independent
16 ~~monitor~~ **observer** obtained from the hospital.

17 (C) The Board may order a hospital to pay for all or a portion of the
18 costs of an independent ~~monitor~~ **observer** appointed for the hospital pursuant
19 to this subdivision (2).

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1 Sec. 3. EFFECTIVE DATE

2 This act shall take effect on passage.